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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

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3 NETWORK APPS, LLC, et al.,

4 Plaintiffs,

5 v.

21-cv-718 (KPF)

6 AT&T Inc., et al.,

7 Defendants.

Conference

8 -----x

9 New York, N.Y.  
10 **(remote)**

11 April 28, 2021  
12 4:10 p.m.

Before:

13 HON. KATHERINE POLK FAILLA

14 District Judge

15 APPEARANCES

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(Remote)

(Case called)

THE CLERK: Counsel, please state your name for the record, beginning with plaintiff.

MR. ROSS: Good afternoon, your Honor. Pete Ross, representing the plaintiffs, along with Richard Schwartz, Steve Farrelly, and Ross Lipman from my firm; and Kevin Cadwell, Michael Reeder, and Lisa Thomas from the Cadwell firm.

THE COURT: Mr. Ross, is it you to whom I should be directing my questions in the first instance?

MR. ROSS: Yes, your Honor.

THE COURT: OK. Thank you very much. And good afternoon to each of you.

And, Mr. Ross, just to be clear, are there any other representatives of either plaintiffs' counsel or plaintiffs who are on the call?

MR. ROSS: No, there are none.

THE COURT: OK. Thank you so much.

And representing the defendants this afternoon?

MR. KENNERLY: Hello, your Honor. This is Chris Kennerly with Paul Hastings for the AT&T defendants. I have with me Robert Laurenzi, who is admitted in this court; Mr. Joshua Yin, and Mr. Alexander Lee. And with your Honor's permission, Mr. Yin will address certain of the arguments, should they come up.

L4SANETCps

1 THE COURT: OK. Thank you.

2 Mister -- I'm sorry. Did I understand Mr. Yin is an  
3 admitted member to this district, sir?

4 MR. KENNERLY: That's incorrect. Mr. Laurenzi is  
5 admitted, and --

6 THE COURT: OK.

7 MR. KENNERLY: -- Mr. Yin is not.

8 THE COURT: All right. So are you asking for Mr. Yin  
9 to be admitted pro hac vice for purposes of this conference?

10 MR. KENNERLY: It sounds like I should.

11 THE COURT: Yes.

12 MR. KENNERLY: And we would request that. Thank you,  
13 your Honor.

14 THE COURT: OK. Right. Because otherwise he doesn't  
15 get to talk, and he wishes to talk. So that is fine. He is  
16 admitted pro hac vice with my thanks. And Mr. Kennerly, you  
17 will let me know which of you or Mr. Yin would be answering  
18 questions in this matter.

19 Are there other defense counsel on the line who wish  
20 to introduce themselves?

21 MR. KENNERLY: That's all for defendants, your Honor.

22 THE COURT: I thank you very much.

23 OK. Thank you.

24 Mr. Ross, I'd like to begin with you, please. We have  
25 a number of issues to address in this, our initial pretrial

L4SANETCps

1 conference in this case. There is as well a pre-motion  
2 conference aspect to this case, and so that may end up being  
3 where we go very quickly. But before we do that, I wanted to  
4 make sure you understood that I have read the complaint in this  
5 case and the various letters about the parties' anticipated  
6 motions.

7 Before we start addressing those motions, is there  
8 something that you'd like me to know about this case that might  
9 not be obvious from the materials that I've just outlined?

10 MR. ROSS: Pete Ross speaking. I don't believe so,  
11 your Honor. I think that presents a fairly good overview of  
12 the matter.

13 THE COURT: OK. Then let me please pivot to something  
14 else, sir. There are issues here regarding standing and a  
15 possibility of a motion to dismiss, and there's a question  
16 about targeted or bifurcated discovery in this regard. And  
17 separately there is the issue of the motion to disqualify.

18 I'm just going to pause, sir, because someone is --  
19 I'm hearing some background noise and it's making it very  
20 difficult for me to speak. So let me pause while that resolves  
21 itself.

22 And hopefully it has. Thank you.

23 So, Mr. Ross, one of the things you mentioned with  
24 respect, I think, to the motion to dismiss is that you can and  
25 intend to amend the pleadings. And so I was wondering if we

L4SANETCps

1 could talk about the manner in which you intend to amend the  
2 pleadings and, perhaps more broadly, why it is you believe that  
3 the plaintiffs in this case, in particular Network Apps LLC,  
4 have the ability and standing to file this action.

5 MR. ROSS: Yes. Pete Ross speaking. With respect to  
6 that issue in particular, the defense points out a number of  
7 issues that they believe indicates that standing doesn't exist.  
8 In our letter addressing those issues, we point out that, under  
9 Washington law, we're on firm footing with respect to each of  
10 those issues. For example, they say that Mya Number, which was  
11 the company that initially entered into a license agreement  
12 with AT&T, dissolved before it transferred the rights. But  
13 under Washington law, a company in dissolution or dissolved  
14 continues to exist, to wind up its affairs and dispose of its  
15 assets. So in that fashion, we addressed each of their issues.

16 They do point out that there is one place in the case,  
17 in the complaint, where we refer to Mya Number as Mya Number  
18 Inc. instead of Mya Number Corp.

19 THE COURT: Yes.

20 MR. ROSS: We could of course easily address that.  
21 But the bottom line is that we represent as plaintiffs here all  
22 of the principals of Mya Number LLC, Mya Number Corp., and  
23 Network Apps, which are the same people. And whatever  
24 complaint could be raised, we'll be able to address it and cure  
25 it, even if a problem did exist. So we don't think that's the

L4SANETCps

1 issue that should hold up this litigation or result in  
2 bifurcated discovery.

3 THE COURT: And let me please make sure I understand  
4 that. If you could just take me through the history. In the  
5 beginning there was Mya Number LLC.

6 MR. ROSS: Yes.

7 THE COURT: And that company is no longer in  
8 existence, correct, sir?

9 MR. ROSS: Correct.

10 THE COURT: And there is no Mya Number Incorporated.  
11 Also correct, sir?

12 MR. ROSS: Correct.

13 THE COURT: I see. And Mya Number LLC assigned the  
14 rights to Network Apps LLC? Also correct?

15 MR. ROSS: I believe that the actual chain was that it  
16 assigned rights to John Wantz and Kyle Schei, and they assigned  
17 those rights in turn to Network Apps LLC.

18 THE COURT: And just so that I'm clear, Mr. Schei and  
19 Mr. Wantz were associated with Mya Number LLC prior to its  
20 dissolution?

21 MR. ROSS: They were the principals and the only  
22 principals of that company.

23 THE COURT: And so when you indicated that you could  
24 amend the complaint in order to avoid motion practice, one  
25 thing was to remove the reference to Mya Number Incorporated,

L4SANETCps

1 which you've indicated is a scrivener's error. Were you also  
2 planning on making clear that under Washington law Mya Number  
3 LLC had the right to transfer these rights to Mr. Schei and  
4 Mr. Wantz, or was there something else that you were thinking  
5 about adding in your amendments to the complaint?

6 MR. ROSS: We could certainly clarify those matters,  
7 in that the steps taken were appropriate and allowed under  
8 Washington law.

9 THE COURT: OK. And let me do this, please. Let me  
10 turn to Mr. Kennerly for a moment. And, Mr. Kennerly, please  
11 understand, sir, and I say this to everyone on this call, one  
12 of the reasons that I have pre-motion conferences is so that I  
13 get a better sense of the contemplated motion practice. In  
14 some instances I am able to persuade parties not to file  
15 motions. In some instances I'm able to shorten or restrict the  
16 motion practice by cutting off certain lines of argument that  
17 don't need to be argued at all.

18 So, Mr. Kennerly, now that you -- since you are aware,  
19 from Mr. Ross's submission and from our conversation this  
20 afternoon, about his contemplated amendments to the complaint,  
21 what do you think still exists in the vein of a standing  
22 argument?

23 MR. KENNERLY: Thank you, your Honor. Chris Kennerly  
24 for defendants. The reality is that neither of those  
25 amendments to the complaint would really get to the real

L4SANETCps

1 standing issues here. That would, I guess, eliminate one  
2 initial head-scratcher regarding Inc. versus Corp., but the  
3 problems with the chain of title and other reasons why there's  
4 no standing are really deeper than that and would not be  
5 resolved by either of the amendments that counsel describes.

6 THE COURT: OK. So let me understand, then. What are  
7 the problems with the chain of title that you believe render  
8 these plaintiffs without standing?

9 MR. KENNERLY: Well, the -- and unfortunately, I  
10 suppose, there are so many issues here, and the standing  
11 defects vary depending on the count or claim in the complaint.  
12 So we have breach of contract. There's one set of issues.  
13 There are slightly different issues with respect to patent  
14 infringement. And then yet a third set of issues with respect  
15 to the correction of inventorship claim. So I'm happy to sort  
16 of proceed through those order, if that suits the Court.

17 THE COURT: It would. It would. Thank you very much.

18 MR. KENNERLY: OK. With respect to the breach of  
19 contract claim, the standing defects are really twofold.  
20 First, the chain of title, let's assume from Mya Number Corp.  
21 through to Network Apps, is broken. And I can walk through why  
22 it is that that's the case despite the claim of Mya Number  
23 Corp. being in dissolution and disposing of its assets  
24 accordingly.

25 Additionally, with respect to the breach of contract



L4SANETCps

1 claim, there's been a failure to comply with the assignment  
2 clause of the underlying agreements. And so that is a second  
3 additional reason why standing does not exist with respect to  
4 the breach of contract claim.

5 And I can walk --

6 THE COURT: I'd like, sir -- yes. I'd like you to  
7 walk me through the first of those more than the second of  
8 those. But when you are ready.

9 MR. KENNERLY: OK. Well, it's clear enough that  
10 Washington law allows windup activity for a dissolved  
11 corporation. What's not clear is that that's what actually  
12 happened here. So the Court may recall that Network Apps filed  
13 a first lawsuit against AT&T on December 3rd of 2016. And AT&T  
14 filed a motion to dismiss challenging, among other things,  
15 standing. Network Apps didn't respond to that motion. They  
16 walked away from the case in April of 2017.

17 And in the response letter brief in this case, this is  
18 the first we've heard of this two-step assignment existing or  
19 the first time it's been argued in any way. So all of this  
20 supposedly happened before the last lawsuit, but despite our  
21 motion to dismiss and other correspondence and such, this  
22 argument was never raised before.

23 THE COURT: Sir, just pause for a moment there. And  
24 therefore what? Do you believe there's some sort of estoppel  
25 argument that you can make that it should have been raised back

L4SANETCps

1 then? What is the significance of the fact that they may not  
2 have been as together for their last round of litigation as for  
3 this round?

4 MR. KENNERLY: The significance is that if you walk  
5 through the dates and other, let's call them curiosities of the  
6 chain of title, it reveals itself that these alleged  
7 assignments could not have been sort of implemented the way  
8 it's now claimed. And I can walk through that with the Court.  
9 But the circumstances show that to be, let's call them highly  
10 suspect. And that's one of the reasons we requested discovery  
11 into certain things related to that.

12 If I may, your Honor, briefly, plaintiffs say that Mya  
13 Number Corp. assigned its rights to individuals, Schei and  
14 Wantz, on December 1st of 2016. Schei and Wantz then assigned  
15 their rights to Network Apps, they say, on December 2nd, 2016.  
16 And then Network Apps filed the first lawsuit on December 3rd,  
17 2016.

18 Now, neither of these assignment agreements were  
19 recorded at the time with the Patent Office. And, again, we  
20 never heard about them until now. In fact, those assignment  
21 agreements were not recorded at the Patent Office until October  
22 30 of 2020, so shortly before this present lawsuit was filed.  
23 And in the alleged assignment agreement from Mya Number Corp.  
24 to Schei and Wantz, which was supposedly executed nearly four  
25 years earlier, on December 1, 2016, we see for the first time

L4SANETCps

1 this statement regarding alleged dissolution and liquidation of  
2 Mya Number Corp. in the recitals.

3 So what it appears, strongly, is that these alleged  
4 December 1st, 2016 assignment agreements and the second one on  
5 December 2nd was in fact executed nearly four years later,  
6 shortly before the filing of this lawsuit, and that language  
7 was stuffed in there to attempt to avoid this 18-month gap  
8 issue with respect to the dissolution of Mya Number Corp.

9 So what we expect to show and we think discovery will  
10 reveal is that these agreements were never executed back in  
11 late 2016. That's why we never heard about them in connection  
12 with the first lawsuit. They were in fact signed  
13 electronically in October of 2020. And that this chain of  
14 title that's alleged to have flown from Mya Number Corp. all  
15 the way through to Network Apps here is invalid and indeed  
16 false.

17 THE COURT: And, sir, let's just say that you're  
18 correct and that these assignments that purport to happen in  
19 December of 2016 are not actually happening until October of  
20 2020. What is your argument with respect to the Mya  
21 Corporation, or to Network Apps? That simply no one, that, to  
22 the extent that there were any rights out there, they just  
23 dissipated, or they -- something -- you know, they could not be  
24 assigned four years later?

25 MR. KENNERLY: The rights that Mya Number Corp. would

L4SANETCps

1 have had -- and Mya Number Corp. was dissolved, I think,  
2 December 2nd of 2015 -- there were no assignments as alleged  
3 back in December 1st and 2nd of 2016. Those were in fact done  
4 later, alleged to have occurred earlier so it lines up with the  
5 facts. But these assignment agreements in essence are  
6 fraudulent and, we would say, insufficient to form part of the  
7 chain of title, first to Schei and Wantz, and then to Network  
8 Apps.

9 So that's, you know, the first aspect of the lack of  
10 standing, and then of course I said there is additionally the  
11 failure to comply with the assignment clause of the agreements.

12 THE COURT: OK. And so your overarching point is that  
13 there is no amount of amending that can be done to obviate the  
14 need, you believe, for either motion to dismiss for lack of  
15 standing or, more broadly, discovery into this issue.

16 MR. KENNERLY: That's correct, your Honor.

17 THE COURT: OK.

18 Mr. Ross, I'm returning to you, sir. And let me hear  
19 from you very briefly in reply. And then we can talk a little  
20 bit more -- well, I suppose I should talk to you. Do you want  
21 to be heard on the timeline that's just been argued by  
22 Mr. Kennerly?

23 MR. ROSS: Yes.

24 THE COURT: OK. Then was the assignment to Mr. Wantz  
25 and Mr. Schei undertaken on or about December 1st of 2016?

L4SANETCps

1 MR. ROSS: Pete Ross speaking. My understanding is  
2 that that is when the assignments took place. But beyond that,  
3 the assignment agreement not being recorded, the timing of the  
4 assignment, the 18 months' gap referred to by Mr. Kennerly,  
5 will not be of any consequence in this litigation. If it turns  
6 out that Mya Number Corp. still owns the rights, then its  
7 winding up has never been completed and we could assign them  
8 right now. There would be no one to challenge that. This is  
9 between Mya Number, the founders, Mr. Wantz and Mr. Schei, and  
10 Network Apps. No one outside of that process could say, no,  
11 that assignment is not valid, you can't transfer those rights,  
12 even though everyone involved agrees who owns the rights, it's  
13 of no consequence.

14 THE COURT: OK. Mr. Ross, I do want you to stop right  
15 there because I want to be clear that if you have suggested or  
16 your clients have suggested that certain assignments took place  
17 in 2016 and in fact they took place at another time frame, the  
18 fact that they can do it later, whether they -- doesn't matter  
19 as much to me as the fact that they are telling me these things  
20 are being done in 2016 when they are not. So I understand your  
21 point about the amount of time that Mya had to conduct these  
22 assignments. But I will be very concerned if there are  
23 representations made to me, either in the complaints or in the  
24 submissions, or by you this afternoon, that suggest that  
25 certain things happened in 2016, when in fact they did not

L4SANETCps

1 happen until 2020.

2 So I -- if the issue is one of recording in 2020  
3 something that happened in 2016, really I am as unconcerned as  
4 you are. But if somehow these assignments of December -- or  
5 that are dated as of December of 2016 were not in fact prepared  
6 or drafted until 2020, I need to know that now, and I will not  
7 handle it well if I find out that I have been misled in the  
8 course of this case.

9 So hold that legal argument, sir. That remains. But  
10 I'm asking you a specific question. When were these  
11 assignments effected?

12 MR. ROSS: OK. I understand that they were done in  
13 2016. If there's some member of my team on this phone call who  
14 has any contrary knowledge, I would ask that they speak up so  
15 we're clear on this.

16 THE COURT: And no one is speaking up. All right.

17 So, again, you've made your legal argument about the  
18 ability or not of Mya Number to continue to make these  
19 assignments. And you may ultimately be proven correct. But I  
20 will not countenance misstatements made to me in this  
21 litigation.

22 OK. I don't know, Mr. Ross, if you wish to speak  
23 about the second argument that was made to me by Mr. Kennerly.  
24 And that regards the compliance or not with the assignment  
25 agreement.

L4SANETCps

1 MR. ROSS: I can address that briefly, your Honor.  
2 That clause in our view is not pertinent to the assignments  
3 here. We're not assigning our contractual obligations, which  
4 don't exist, in my view, at this point. We're just assigning  
5 the rights and the opportunity to bring this lawsuit.

6 THE COURT: Could you speak a little bit more about  
7 that, sir, please?

8 MR. ROSS: Yes. This sort of assignment clause, which  
9 requires approval, is in there for the protection of AT&T in  
10 the event that we are continuing -- by "we" I mean Mya Number  
11 and its principals -- are continuing to provide services to  
12 that company. That is no longer the case. AT&T terminated the  
13 contract, from its end. And so, having terminated the  
14 contract, they cannot dictate the assignment of the rights that  
15 exist, in my view.

16 THE COURT: OK. All right. Thank you. I think I  
17 understand that a little bit better. Thank you.

18 And I believe I understand your position with respect  
19 to the statute of limitations. On the issue of patent validity  
20 or not, do you wish to be heard as to any contemplated  
21 amendments to the pleading, or do you believe that the  
22 complaint as it now stands adequately explains the validity of  
23 the patent?

24 MR. ROSS: With respect to the patent issues, your  
25 Honor, I'm going to have to ask that Mr. Cadwell address those,

L4SANETCps

1 since I have no patent expertise whatsoever.

2 THE COURT: I see. OK.

3 Mr. Cadwell, you've been drafted to speak on this  
4 issue. Let me hear from you, please.

5 MR. CADWELL: I have, your Honor. Kevin Cadwell. And  
6 I am in a game of tag team. Mr. Reeder is prepared to address  
7 these today. So I'm going to turn it to him with your Honor's  
8 permission.

9 THE COURT: Yes. But I'm hoping it ends at  
10 Mr. Reeder. Because it wasn't my intention to have every  
11 single member of plaintiffs' counsel tell me that they are not  
12 handling the issue of patent issues.

13 So, Mr. Reeder, it's you and you alone.

14 MR. REEDER: Yes, your Honor. I'm ready to go.

15 So the plaintiffs, in their -- excuse me -- the  
16 defendant AT&T in their letter brief basically has not really  
17 addressed the 101 issue in any manner of completeness, and this  
18 is what we laid out in our own opposition, that for 101, the  
19 issue is really, it's a two-step process to figure out, is this  
20 patent directed to some sort of abstract idea or not. And the  
21 second issue is then, even if it is directed to an abstract  
22 idea, is there something inventive that the patentee came up  
23 with that would make it patent-eligible.

24 And in this patent, I think it's clear if you look at  
25 the claims and what the specification is all about, that it's



L4SANETCps

1 not directed to an abstract idea, that this is really a  
2 technological solution to this highly technical, computerized  
3 telecom network. This is a problem all about, how do you make  
4 two devices with different mobile numbers act as one; how do  
5 you twin those together. And that is a technological solution.  
6 That was something that AT&T was unable to come up with,  
7 something our -- the plaintiff, Mya Number, came up with and  
8 invented for AT&T, and that they ultimately implemented. So  
9 it's our contention that you can stop at Step 1 of this  
10 analysis and just find that this is not an abstract idea, and  
11 that should be the end of the inquiry.

12 We can talk about Step 2 if you'd like. AT&T has not  
13 addressed Step 2 in their letter brief. They basically said  
14 that -- they pulled out a random, you know, a random line from  
15 the specifications and said this patent is about sequentially  
16 dialing a list of phone numbers. That is not what the patent  
17 is about by any means. It's one feature that you could do, so  
18 it was listed in the specifications as something you could do  
19 with this invention, but it is not the heart of the invention.  
20 It would not be fairly characterized as what this invention is  
21 actually about.

22 THE COURT: OK. Thank you.

23 Mr. Kennerly, I'm not sure that this is a viable topic  
24 for a motion to dismiss. And I have read the parties' briefing  
25 on the issue. But if you want to be heard or if one of your --

L4SANETCps

1 Mr. Yin perhaps wants to be heard briefly on this issue, then I  
2 will hear from you.

3 I should also note, my deputy reminds me, Mr. Yin did  
4 in fact move pro hac vice and was admitted, so he could have  
5 spoken even if I hadn't let him speak today.

6 Mr. Kennerly, is it you or Mr. Yin who will speak to  
7 this issue?

8 MR. KENNERLY: I'll address it, your Honor. This is  
9 Chris Kennerly.

10 THE COURT: Thank you very much. Go ahead, sir.

11 MR. KENNERLY: Well, I hope it's not surprising that  
12 in roughly a, you know, a half-page of a letter brief we were  
13 not able to lay out in detail the argument here. But I would  
14 say that it is very plainly a strong argument here, and I'd be  
15 happy to address the abstract-idea part of this as well as, if  
16 the Court would like, *Alice* Step 2.

17 THE COURT: Go ahead, sir. Please do.

18 MR. KENNERLY: Thank you.

19 Plaintiffs call the idea here simply grouping or  
20 twinning devices. And in substance that's all the patent  
21 discloses and claims. In the 1970s, for example, if someone  
22 called your home phone number, the phone in the kitchen, the  
23 living room, and the den would all ring. And if you picked any  
24 of them up, the line would connect and you could have a  
25 conversation. And that really needs to be the starting point

L4SANETCps

1 for any patent eligibility analysis here as well. If we look  
2 at claim 8 of the '728 patent, for example, it's just talking  
3 about the same idea and applying it to multiple devices with  
4 different numbers. So if someone dials your primary phone, say  
5 your work phone, then your home phone and your cellphone also  
6 ring. And if you pick any of them up, the line will connect  
7 and you can have a conversation. And the other way around,  
8 conversely, if you make a call from any of your phones, the  
9 caller ID will show the phone number of your work phone. And  
10 that's really it.

11 And in plaintiffs' response letter brief, they say  
12 themselves, "The '728 patent discloses a specific improvement  
13 for a telecommunications network by using hardware and software  
14 for grouping, or twinning, cellular devices, and controlling  
15 the devices so they can make and receive calls and texts from  
16 the same phone number." That's at docket no. 51 at 2.

17 So if you strip out the generic language about network  
18 hardware and software, you're left with the same basic idea of  
19 simply grouping, or twinning devices, and nothing more. And we  
20 see that later in the letter and other places.

21 So that, I would venture to say, is clearly an  
22 abstract idea. And we have a highly similar case in the  
23 *BroadSoft* case, finding invalid claims very, very similar to  
24 that. We know from the Federal Circuit's *Enfish* case that  
25 really, the way this is done, as these cases have come out over

L4SANETCps

1 time, is to compare the claims at issue to those claims already  
2 found to be directed to an abstract idea in previous cases.  
3 That's Federal Circuit law. That's Supreme Court law.

4 So I think it's very important that AT&T be given a  
5 chance to brief this and given sufficient pages. We can  
6 demonstrate clearly, I would say, that this is an abstract  
7 idea, and there's nothing that goes beyond that that provides  
8 significantly more, as *Alice* requires, in order to get past  
9 Step 2.

10 So these claims are ineligible, invalid under Section  
11 101, and with respect, your Honor, I would say that these  
12 definitely warrant the Court examining them up front along with  
13 the other issues before the real merits of the case begin.

14 THE COURT: All right. But before, it seems to me, we  
15 get even to the issue of the bifurcated discovery that you want  
16 on the standing matter, there is the issue, I think, of the  
17 motion to disqualify plaintiffs' counsel. I presume,  
18 Mr. Kennerly, that that is something that your client still  
19 wishes to pursue?

20 MR. KENNERLY: It is, your Honor.

21 THE COURT: OK. I mean, it seems, before I figure out  
22 what discovery is and before I figure out what are the  
23 appropriate bases for the motion to dismiss or page limits or  
24 things of that nature, I think I need to know who I'm dealing  
25 with in this case. And it is your clients' position that I

L4SANETCps

1 ought not be dealing with a number of plaintiffs' counsel. So  
2 let me please understand, particularly since you've now  
3 received the opposition from your adversaries, why it is you  
4 believe that I should entertain a motion to disqualify.

5 MR. KENNERLY: Thank you, your Honor. And my  
6 colleague, Joshua Yin, will address this part of the argument.

7 THE COURT: Thank you.

8 Mr. Yin.

9 MR. YIN: Thank you, your Honor. Joshua Yin for AT&T.  
10 You know, I think the first point to clarify, looking through  
11 plaintiffs' responsive letter brief, is that one of plaintiffs'  
12 key arguments that they alleged they hadn't represented AT&T in  
13 any patent matter for nearly four years. And I think, just  
14 starting there, there are some points that we need to clarify.

15 So if you take a look at Exhibit 3 to AT&T's letter  
16 brief and you compare that -- that's a notice of appearance --  
17 and you compare that to the filing date of the complaint, the  
18 actual time frame we're talking about is actually three years,  
19 three and a half months. And presumably it took some time to  
20 actually draft the complaint, conduct a pre-suit investigation  
21 in this case. So right there we're really talking about a time  
22 frame of something closer to three years. And even that  
23 three-year number is problematic.

24 So in plaintiffs' responsive letter brief in a  
25 footnote they mention that Mr. Reeder, one of the counsel that

L4SANETCps

1 we're seeking to disqualify in this case, assisted AT&T in an  
2 international tax matter in 2019. And that's another point  
3 that we want to clarify, which is that that case was actually a  
4 breach of contract litigation filed in New York for failure to  
5 indemnify for a foreign tax settlement. And of course that's  
6 significant for this case because this is also a breach of  
7 contract case involving AT&T.

8 And so, you know, these are just two points that we  
9 want to start off with by clarifying what the numbers are  
10 talking about.

11 And then the other point on top of that that is worth  
12 clarifying is that the plaintiffs aren't disputing any of the  
13 magnitudes of the numbers that AT&T raised in its opening  
14 letter brief for disqualification. So this is a case where,  
15 you know, this is not a case where there is plaintiffs' counsel  
16 previously represented AT&T one time a decade ago. We're  
17 actually talking about continuously representing AT&T in over  
18 100 patent infringement cases over the course of a decade. And  
19 we're talking about a grand total of nearly 25,000 hours of  
20 billable services that counsel have previously provided to  
21 AT&T. And so I think that's probably the starting point, when  
22 it comes to the question of whether or not disqualification is  
23 warranted in this case.

24 THE COURT: OK. And, Mr. Yin, then let's go to that  
25 point. I mean, would you agree with me that if plaintiffs'

L4SANETCps

1 counsel had represented AT&T in a hundred personal injury  
2 cases, that your argument would have less force?

3 MR. YIN: Yes, your Honor, I would agree with that,  
4 but I would also draw the Court's attention to the cases that  
5 were cited in AT&T's opening letter brief that involve cases  
6 with insurance defense and things of that nature, where there  
7 was less overlapping than would be the case in a patent  
8 infringement case but nonetheless disqualifying was warranted.

9 THE COURT: All right. My point, sir, is that I'm not  
10 sure that having the playbook, as you've described it, is  
11 sufficient, because I've seen cases where counsel's access to  
12 strategic thinking or litigation thinking is insufficient to  
13 warrant disqualification, but extensive access into and insight  
14 into the client's strategies on similar subject matter issues  
15 or similar legal issues would be a basis for disqualification.  
16 So I guess I'm less concerned that these attorneys may have  
17 represented AT&T in patent infringement cases. I'd be more  
18 concerned if the subject matter of those patent infringement  
19 cases was in any way analogous to what I'm seeing before me.  
20 Are you able to speak to that issue, sir?

21 MR. YIN: Yes, your Honor. And I think there would be  
22 really three points that I want to raise with respect to this,  
23 the first point being that I think the Second Circuit case law  
24 is very clear that AT&T doesn't have to disclose the nature and  
25 extent of client confidences in order for there to be a basis

L4SANETCps

1 for disqualification; the second point being that if we are  
2 going to get into the specifics of what precise information was  
3 disclosed to counsel in a previous representation, that AT&T  
4 should have the opportunity to do that during ex parte in  
5 camera review; and the third point is that during that in  
6 camera review, that AT&T will be able to point to plenty of  
7 specific instances of factual overlap between this case and the  
8 previous cases.

9 So it sounds like, your Honor, that you would prefer  
10 me to address that third point first?

11 THE COURT: Yes, I would. Thank you.

12 MR. YIN: So, you know, again, we're talking about  
13 records for over ten years, and, you know, 25,000 hours of  
14 work. We have to get records from two different law firms.  
15 And so there's a lot of documents that we're still going  
16 through. So this is just what we've been able to identify so  
17 far. And as we expect that if we keep digging that we'll find  
18 more issues that arise.

19 But one issue that's already arisen is that we've been  
20 able to identify a patent infringement case that Mr. Cadwell  
21 previously represented AT&T and billed almost 4,000 hours for  
22 over two years. And that previous case pertained to the  
23 sending of SMS text messages through AT&T's network  
24 infrastructure. And that is directly implicated here, because  
25 the claims of the '728 patent pertain to the interception



L4SANETCps

1 and/or forwarding of telephone service activity, such as SMS  
2 messaging.

3 And just so we're clear, we're looking at claims 11  
4 and 12 of the '728 patent.

5 THE COURT: OK.

6 MR. YIN: And so, you know, Mr. Cadwell represented  
7 AT&T for over two years on this case, and during that process  
8 he became intimately familiar with AT&T's systems and AT&T's  
9 network and the forwarding of SMS text messages through AT&T's  
10 network. And this is information that he presumably gleaned  
11 from countless emails and calls and meetings and witness prep  
12 sessions with AT&T employees, all by virtue of being AT&T's  
13 attorney at the time. And so Mr. Cadwell became familiar with  
14 parts of AT&T's network, such as -- and I don't want to get too  
15 far into it -- but the home location register, the mobile  
16 switching center, the short message service center, parts of  
17 AT&T's network that will be relevant in the current case.

18 And of particular note, Mr. Cadwell billed over 120  
19 hours of work where the narrative entry mentioned a particular  
20 AT&T witness who, it looks like, is likely to testify in the  
21 present case.

22 And that's just one example with respect to  
23 Mr. Cadwell.

24 In addition, as a second example, Mr. Clonts worked on  
25 a nonlitigation matter for AT&T on and off for about five

L4SANETCps

1 years. And in this nonlitigation matter, his work was directly  
2 relating to the process of provisioning. And provisioning is  
3 the process, in essence, by which, you know, AT -- the process  
4 that tells AT&T tells which phone is associated with which  
5 phone number. And again, in order to do his work for AT&T in  
6 that case, Mr. Clonts became familiar with the HLR and the MSC  
7 parts of AT&T's network that would be relevant in the current  
8 case. And it's relevant to the current case overall, because  
9 if you take a look at claim 1, you'll see the first step of the  
10 method claim is provisioning by telephone service provider a  
11 plurality of telephone numbers.

12 And so those are two examples of direct overlap  
13 between counsel's previous work on behalf of AT&T and the  
14 current case.

15 THE COURT: OK. Sir, was there something else you  
16 wanted me to know?

17 MR. YIN: I would also note that, in Mr. Clonts's  
18 nonlitigation work that I mentioned just now, he interviewed an  
19 AT&T lead principal technical architect who was directly  
20 involved in the deployment of NumberSync. This is the same  
21 NumberSync that is alleged in paragraph 42 of the complaint.

22 THE COURT: Excuse me just while I make a note of  
23 that.

24 Mr. Yin, as I understand your argument, you actually  
25 believe this these individuals, these attorneys, cannot be

L4SANETCps

1 isolated within their firms and that, were I to find a  
2 conflict, I would be required to disqualify the firms  
3 collectively. Do I understand your argument correctly, sir?

4 MR. YIN: Yes, your Honor. My understanding is that  
5 the firm of Cadwell Clonts & Reeder is a four-attorney firm and  
6 that all four attorneys, three of whom are currently on this  
7 call, have been involved in this case. So there's really no  
8 possibility whatsoever of avoiding an imputed conflict by  
9 creating some kind of ethical wall to divide the firm.

10 Now, it's a separate issue with respect to the law  
11 firm of Brown George. And our position on that is that we  
12 really need discovery in order to understand the closeness and  
13 extensiveness of the relationship between the two law firms.

14 THE COURT: Yes. That's what I'm trying to  
15 understand. What is it that you think you're going to obtain  
16 in discovery on the issue of disqualification?

17 MR. YIN: One of the cases that we cite in our opening  
18 brief, your Honor, is *Benevida Foods v. Advance Magazine*  
19 *Publishers*. And what that case requires that defendants be  
20 able to demonstrate for disqualification of the Brown George  
21 firm is the closeness and extensiveness of the relationship  
22 between co-counsel and the likelihood that confidential client  
23 information has actually been shared. That would be AT&T's  
24 client information.

25 And so obviously the law can't require that we

L4SANETCps

1 demonstrate something but also prohibit us from being able to  
2 do so from seeking that in discovery.

3 THE COURT: OK. Just one moment, please.

4 Mr. Yin, I do think I'd like a little bit more clarity  
5 on precisely what you think discovery would look like on the  
6 issues of disqualification. What would you contemplate asking  
7 of the Cadwell firm? What would you contemplate asking of the  
8 Brown George firm?

9 MR. YIN: Well, your Honor, I'm not entirely sure that  
10 the specifics are ripe for a court decision in terms of whether  
11 or not there is a dispute. But at the outset, one of the  
12 things that we would be interested in exploring with opposing  
13 counsel and seeing where they stand on certain issues is the  
14 production of a privilege log, you know, outlining  
15 communications between the law firms Brown George, Cadwell  
16 Clonts & Reeder, and/or their clients.

17 Now, recognizing that might actually be very  
18 burdensome for them to produce --

19 THE COURT: Yes.

20 MR. YIN: -- this results in a situation where the  
21 other side says, "we can't produce that, there are 3,000 email  
22 communications that are responsive," that's fine, if you  
23 stipulate to that fact we can probably take that and that will  
24 be sufficient to establish the closeness and extensiveness of  
25 the relationship between co-counsel that we need to establish

L4SANETCps

1 under *Benevida Foods*.

2 THE COURT: OK. But I guess I'm realizing that I'm to  
3 a degree putting cart before horse, because you have offered,  
4 if I think it appropriate, to make an in camera submission to  
5 me. I don't know. It seems to me that it would sort of be at  
6 cross-purposes for you to tell me what that in camera  
7 submission would be. But your belief is that you have enough  
8 material already that you can show that material to me and, at  
9 the very least, obtain discovery on the question of whether  
10 disqualification is warranted.

11 MR. YIN: Yes, your Honor.

12 THE COURT: OK. OK.

13 Mr. Ross, who in the group of plaintiffs' counsel will  
14 be responding to this?

15 MR. ROSS: I will be. Pete Ross.

16 THE COURT: Thank you, sir. Go ahead.

17 MR. ROSS: Thank you, your Honor.

18 In AT&T's letter brief, it conflates "did a lot of  
19 work for AT&T" with "disqualification." But that's not the  
20 test. A substantial relationship must exist between the  
21 subject matter of the prior representation in this case. And  
22 here, AT&T in its letter brief does not cite any relationship  
23 at all between the subject matter of a prior case and the  
24 present one. No one at the Cadwell firm, in my understanding,  
25 previously worked on the license agreement in issue or the

L4SANETCps

1 patents in issue here. And to my knowledge, no case has ever  
2 held that work on a previous patent matter disqualifies counsel  
3 from suing on an unrelated patent matter.

4 In Mr. Yin's oral presentation, he talks about three  
5 more specific things. One is he says that Mr. Cadwell worked  
6 on a case involving SMS text messaging and became familiar with  
7 the SMS text messaging system at AT&T. To me that sounds like  
8 something that would be discoverable, how their system works,  
9 and the features of that system is not privileged. So that  
10 would not be a basis for disqualification.

11 Mr. Yin says that Mr. Clonts worked on a nonlitigation  
12 matter regarding provisioning. But, again, that doesn't sound  
13 like something that would be proof against discovery. It's not  
14 privileged, how their provisioning worked.

15 And then finally, Mr. Yin said that Mr. Cadwell talked  
16 in the past with one or two witnesses, who later became  
17 involved in NumberSync. But my understanding is that whatever  
18 Mr. Cadwell was working on in the past had nothing to do with  
19 NumberSync or the patents in issue here. And therefore the  
20 mere fact that he talked to witnesses who may have knowledge  
21 about this case doesn't, in my view, or would not warrant  
22 disqualification.

23 And then we have the issue of discovery. Clearly the  
24 defendants could not get our communications with our  
25 co-counsel. Those would be privileged. So then all we would

L4SANETCps

1 be talking about would be production of a privilege log. And I  
2 don't see that that's a worthwhile use of our time, given the  
3 burden involved.

4 In addition, I think that there is an overarching  
5 matter that would lead the Court, at least in my view, to  
6 decide that nothing from the Cadwell firm could in fact -- the  
7 Brown George Ross firm at this point. And that's this. We  
8 have no patent expertise. We don't do patent cases. We have  
9 to associate patent counsel with us to take on a patent case.  
10 So to the extent that Mr. Cadwell or Mr. Clonts or Mr. Reeder  
11 know something about AT&T's patent playbook or something about  
12 the way AT&T has litigated patent cases in the past, that would  
13 not be meaningful to us. We would have to find new patent  
14 counsel to handle those aspects of the case.

15 Thank you, your Honor

16 THE COURT: No, no. Actually, Mr. Ross, you were  
17 doing fine and you were very clear until the very end of your  
18 argument. I'll really not sure whether -- I'm sure you weren't  
19 throwing the Cadwell firm under the bus in making that  
20 statement, but I just, I wasn't sure what you were saying.  
21 Were you saying that because your firm, the Brown firm, doesn't  
22 do patent work, that it could never be enmeshed in a situation  
23 or in a litigation with a local counsel or a co-counsel such  
24 that any disqualification could be imputed to it, or were you  
25 arguing something else?

L4SANETCps

1 MR. ROSS: No. I was arguing that. And I by no means  
2 want to throw the Cadwell firm under the bus. I don't think  
3 that there is anything here to warrant disqualification of that  
4 firm. But if by chance they knew something about AT&T's patent  
5 strategies, that would not be something that we would be  
6 familiar with or would infect our firm in this matter.

7 THE COURT: I see. OK. Thank you.

8 Mr. Yin, do you wish to be heard in reply?

9 MR. YIN: Yes, your Honor, just briefly.

10 I think the first thing to note is that counsel's  
11 description of what is required for the substantial  
12 relationship test is somewhat -- is a little too narrow. If  
13 you take a look at the cases that AT&T cites in its opening  
14 brief -- *Consolidated Theatres*, *Mitchell*, and *Battagliola* --  
15 those cases make it clear what is actually required and not  
16 required for there to be a substantial-relationship test to be  
17 met. And it doesn't have to be the exact same case or the  
18 exact same contract that counsel previously worked on.

19 The second thing, you know, just to clarify, is that  
20 counsel, Mr. Cadwell and Mr. Clonts, they did become intimately  
21 familiar with parts of AT&T's systems and AT&T's networks  
22 through privileged communications with AT&T employees. So  
23 we're not just talking about a situation where the material to  
24 be protected is a single instance, something from a prior case,  
25 and that that single piece of information was nonetheless



L4SANETCps

1 disclosed in discovery.

2 And just as an example of that, if you could bear with  
3 me for one second, your Honor.

4 THE COURT: Yes, sir.

5 MR. YIN: So the case that I mentioned earlier, where  
6 Mr. Cadwell represented AT&T for over two years when the  
7 technology involved pertained to forwarding, sending its text  
8 messages through AT&T's systems, Mr. Cadwell himself signed the  
9 notice by AT&T of compliance regarding service of a privilege  
10 log. So we're talking about, in that particular instance,  
11 information that Mr. Cadwell had access to that counsel was  
12 refusing to disclose in discovery. And so that, together with  
13 the fact that we're talking about deposition-prep sessions,  
14 internal email communications back and forth between counsel  
15 and AT&T's in-house counsel in these previous cases, basically  
16 we're not limited to information that would otherwise be  
17 disclosed in discovery. In fact this is information that was  
18 not disclosed in discovery and could not be disclosed in  
19 discovery.

20 THE COURT: But I understood, for example, one of  
21 Mr. Ross's arguments to be that it wasn't enough to deal with  
22 an AT&T employee who happened to have knowledge about  
23 NumberSync, unless of course Mr. Cadwell's interview of that  
24 employee was to understand better or to prepare for a case that  
25 itself involved NumberSync. Do you agree with that

L4SANETCps

1 proposition, sir?

2 MR. YIN: No, your Honor, we don't. And we think the  
3 cases that AT&T cited in its opening brief make that clear.

4 THE COURT: You're saying if the interviews -- let's  
5 just use that example. If he's interviewing a particular  
6 engineer who understands the NumberSync program but he asks him  
7 not one question about NumberSync, he asks him about some other  
8 area of expertise that this employee has, is there a basis to  
9 disqualify Mr. Cadwell as a consequence of that interview?

10 MR. YIN: Well, your Honor, just to be clear, I think  
11 in that particular instance, it would be Mr. Clonts who  
12 interviewed the witness, who later became involved --

13 THE COURT: Excuse me. You're right. You're right.  
14 Thank you. Mr. Clonts and not Mr. Cadwell. Excuse me. Go  
15 ahead.

16 MR. YIN: Yes, your Honor. But I think it's not just  
17 an issue of, did Mr. Clonts ask the witness about his work on  
18 NumberSync. And the problem of course is that at that point in  
19 time, NumberSync had not been publicly released at the time.  
20 But the bigger question is whether or not Mr. Clonts was  
21 talking to that particular AT&T engineer about AT&T's  
22 provisioning process and how phone numbers get assigned on  
23 AT&T's network. And that's significant where, in this case,  
24 provisioning is one of the elements of the '728 patent claim.

25 THE COURT: Yes, sir. I'm just thinking through what

L4SANETCps

1 you've just said.

2 All right. Now I understand that better.

3 Anything else you'd like to say in reply, sir?

4 MR. YIN: Nothing that I haven't already said  
5 previously, your Honor.

6 THE COURT: All right. Then let me ask this, Mr. Yin.  
7 I sense, but perhaps I am mistaken, that, to a degree, your  
8 letter to me of April 5th is restricted, as it needs to be,  
9 because there is information you're not showing to me or you  
10 haven't yet shown to me. So I'm trying to figure out how much  
11 of your anticipated or contemplated disqualification motion is  
12 based on information that you think I ought to see ex parte and  
13 how much of it is based on what you have announced in your  
14 pre-motion submission.

15 MR. YIN: Your Honor, I think the response to that  
16 would be that we have information that we can basically divide  
17 into three categories. There is a category of information that  
18 we're happy to make arguments on in a public setting, which we  
19 have discussed in our opening letter brief, questions of what  
20 the law is and all the issues related to the extensiveness of  
21 counsel's prior participation in AT&T legal matters.

22 There is a second category of documents and  
23 information that we don't think would be appropriate for public  
24 consumption but that could potentially be filed under seal.

25 And then the third category of information and

L4SANETCps

1 documents is really the actual privileged information that  
2 counsel had access to. You know, the last thing we would want  
3 is for them to be able to see all that same information again  
4 and refresh their recollections and be able to use it to drive  
5 their litigation and discovery strategy.

6 I hope that answers your question.

7 THE COURT: It does. Thank you.

8 Counsel, I believe that the antecedent issue here was  
9 the question of bifurcating discovery, but the more I talk to  
10 the parties the more I think the antecedent issue is the degree  
11 to which I should permit a motion to disqualify plaintiffs'  
12 counsel and the degree to which I need information in order to  
13 do that. So I do want to hear from you if there are other  
14 discrete issues you wish to bring to my attention in this  
15 conference. But when I leave this conference, I am going to be  
16 thinking about whether to schedule a motion for  
17 disqualification and, if so, whether to include in that  
18 schedule some period of time for the provision of information  
19 to me ex parte and whether I should permit some discovery as  
20 well.

21 So I will be thinking about those issues. And that's  
22 on the question of disqualification and on the question of  
23 bifurcation of discovery. That's where I am right now.

24 Mr. Ross, before I bring this to a close, are there  
25 other areas that you think we should be discussing in this call

L4SANETCps

1 today?

2 MR. ROSS: No, none, your Honor. Thank you.

3 THE COURT: OK. Thank you very much.

4 And Mr. Kennerly, lest I forget, I am going to ask  
5 you, please, to obtain a transcript of this conference in the  
6 ordinary course, because there have been substantive  
7 discussions that I suspect I will be referring to in the coming  
8 weeks. If you order a copy, I will receive one automatically.

9 But could you tell me, please, Mr. Kennerly, are there  
10 other issues that you would like to bring to my attention in  
11 this conference that have not been covered?

12 MR. KENNERLY: Well, with my apologies, your Honor,  
13 there was one large issue here. And I maybe alluded to it at  
14 the outset. And it's that the standing defects vary, depending  
15 on the count.

16 THE COURT: Yes, sir.

17 MR. KENNERLY: And I walked through, or summarized,  
18 the argument with respect to the breach of contract claim. But  
19 the patent infringement claim defects are even worse. The  
20 assignment agreement issue is there as well. But there are two  
21 or three sort of insurmountable hurdles beyond that with  
22 respect to the patent infringement claim. And I'm happy to  
23 walk through those. But as we requested, really, we would like  
24 the opportunity to present a full motion and lay these out for  
25 the Court.

L4SANETCps

1 THE COURT: No. And I certainly understand that, sir.  
2 Maybe you and I are speaking past each other. It seems to me  
3 that the first issue is who gets to talk to me. And that's the  
4 disqualification issue. And though I normally would take  
5 standing as the first issue in a case of this type, this to me  
6 is that rare case where I first have to figure out who can  
7 speak to me, and then have them speak about the issue of  
8 standing, and then have, potentially have them speak about  
9 other defects or not in the complaint. Do you have a different  
10 view of the order in which I should be addressing these issues?

11 MR. KENNERLY: No, that order sounds perfectly  
12 reasonable and appropriate, your Honor.

13 THE COURT: OK. But some day you wish to talk to me  
14 about why there are standing defects with respect to each  
15 count, that they vary, and that, at least with respect to the  
16 patent issue, the defects are worse than the breach of contract  
17 issue. I understand you correctly?

18 MR. KENNERLY: Well said, your Honor.

19 THE COURT: Let's not go that far, but thank you very  
20 much.

21 OK. Let me please, then, take the time that I need to  
22 take to think about the issue of disqualification. I have to  
23 tell you, it must be feast or famine with disqualification  
24 motions because I've been dealing with several of them recently  
25 and I've had years go by without a disqualification motion, so

L4SANETCps

1 this is a surprise to have three at the same time.

2 So I will think about those. I want to think about  
3 discovery if any that is appropriate, whether I need to see  
4 something in camera. And I will get back to you as promptly as  
5 I can with respect to that information.

6 In the interim, I will not be signing the parties'  
7 proposed case management plan. I do thank you for preparing  
8 it. I do thank you for outlining your disagreements. But I  
9 think that such discovery deadlines or discovery schedules are  
10 a little bit premature given the antecedent issues that I have  
11 raised.

12 With that, I am going to bring this conference to a  
13 close. I'm going to wish to you, to your families, and to your  
14 clients safety and good health during this pandemic. We are  
15 adjourned. Thank you very much.

16 (Adjourned)